

Message Text

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ACTION AF-06

INFO OCT-01 EUR-12 ISO-00 AID-05 PC-01 CIAE-00 DODE-00

PM-04 H-02 INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01

SP-02 SS-15 USIA-06 IO-10 COME-00 EB-07 FRB-03

TRSE-00 XMB-02 OPIC-03 CIEP-01 LAB-04 SIL-01 OMB-01

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TO SECSTATE WASHDC PRIORITY 4767

INFO AMEMBASSY BRUSSELS PRIORITY

AMEMBASSY LONDON

AMEMBASSY PARIS

C O N F I D E N T I A L KINSHASA 8846

E.O. 11652: GDS

TAGS: EFIN, EAID, PFOR, BE, CG

SUBJECT: PRIME MINISTER TINDEMANS' VISIT TO ZAIRE

REF: A. KINSHASA 7374; B. KINSHASA 8778; C. BRUSSELS 8397

1. SUMMARY: BELGIANS PLEASED WITH RESULTS TINDEMANS' VISIT. SPECIFIC RESULTS INCLUDE((A) 700 MILLION BELGIAN FRANC LINE OF CREDIT; (B) RESCHEDULING OF SHORT-TERM, MEDIUM AND LONG-TERM DEBT OWED DUCROIRE WHICH IS OVERDUE OR WILL BECOME DUE IN REMAINDER CY1975; (C) POSSIBLE NEW DUCROIRE CREDITS; (D) CONTINUATION OF ECONOMIC ASSISTANCE AT PRESENT HIGH LEVEL THOUGH WILL DIFFERENT COMPOSITION; (E) IMMEDIATE COMPENSATION FOR HARDSHIP CASES RESULTING FROM NATIONALIZATION ACTIONS AND LONG-TERM COMPENSATION FOR REMAINDER; (F) PERMISSION TO TRANSFER SOCIAL SECURITY AND MEDICAL INSURANCE PAYMENTS

TO BELGIUM FOR EMPLOYEES OF NATIONALIZED INDUSTRIES.

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BELGIAN ASSISTANCE APPEARS MORE GENEROUS THAN THAT

GRANTED BY FRENCH FOLLOWING GISCARD VISIT. END SUMMARY.

2. SEPT 30 BELGIAN ACTING ECONOMIC COUNSELOR SPELTING TOLD EMBOFF THAT BELGIANS WERE QUITE PLEASED WITH RESULT OF PRIME MINISTER TINDEMANS' VISIT AND MENTIONED FOLLOWING ACCOMPLISHMENTS OF VISIT:

A. LINE OF CREDIT: BELGIUM WILL IMPLEMENT 710 MILLION BELGIAN FRANC (\$17 MILLION) LINE OF CREDIT FIRST OFFERED IN 1972.

B. SHORT-TERM DEBT: ABOVE LINE OF CREDIT WILL BE USED TO REPAY OVERDUE SHORT-TERM CREDITS AND THAT WHICH WILL COME DUE REMAINDER CY1975 OWED TO OR GUARANTEED BY DUCROIRE. TOTAL AMOUNT OF SUCH SHORT-TERM CREDITS IS APPROXIMATELY 600 MILLION BELGIAN FRANCS.

C. MEDIUM AND LONG-TERM DEBT: BELGIUM WILL ASSUME RESPONSIBILITY FOR ALL OVERDUE MEDIUM AND LONG-TERM DEBT AND THAT COMING DUE REMAINDER CY1975 WHICH IS OWED TO OR GUARANTEED BY DUCROIRE. GOZ WILL REPAY SEPT 1, 1978 WITH INTEREST AT SEVEN PER CENT. TOTAL MEDIUM AND LONG-TERM DEBT IS APPROXIMATELY 500 MILLION BELGIAN FRANCS.

D. NEW ASSISTANCE FROM DUCROIRE: ONCE OVERDUE PAYMENTS HAVE BEEN REGULARIZED AS DESCRIBED ABOVE, DUCROIRE WILL CONSIDER APPLICATIONS FOR NEW CREDIT GUARANTEES. SPELTINCX STATED THAT NO SPECIFIC FIGURE WAS MENTIONED FOR NEW CREDIT BY DUCROIRE AND SPECULATED THAT IT WOULD NOT BE VERY SIGNIFICANT. HE OBSERVED THAT DUCROIRE HAS OUTSTANDING CREDIT APPLICATIONS FOR ZAIRE OF MORE THAN FIFTEEN BILLION FRANCS.

E. ECONOMIC ASSISTANCE: BELGIUM WILL MAINTAIN ITS ECONOMIC ASSISTANCE TO ZAIRE AT CY1974 LEVEL, WHICH WAS APPROXIMATELY TWO BILLION BELGIAN FRANCS (\$50 MILLION), BUT WILL CHANGE ITS COMPOSITION SO AS TO REDUCE ASSISTANCE TO EDUCATIONAL SECTOR AND INCREASE THAT FOR AGRICULTURE. IN FUTURE FOR EDUCATIONAL SECTOR BELGIUM WILL PROVIDE

TECHNICIANS ONLY TO TECHNICAL SCHOOLS AND UNIVERSITIES. ECONOMIC ASSISTANCE WILL BE IN CONTEXT OF GOZ STABILIZATION PROGRAM AND, IMPLIEDLY, IN SUPPORT OF IMF PROGRAM.

F. COMPENSATION: BELGIAN CLAIMS FOR NATIONALIZED CONFIDENTIAL

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PROPERTY WILL BE DIVIDED BETWEEN THOSE OF INDIVIDUALS AND CORPORATIONS. COMMISSION WILL MEET IN NOVEMBER AT KINSHASA TO CONSIDER CLAIMS OF INDIVIDUALS AND WILL USE 100 MILLION OF BELGIAN FRANC 700 MILLION LINE OF CREDIT TO ACCORD IMMEDIATE COMPENSATION TO THOSE INDIVIDUALS WHO ARE DESTITUTE BECAUSE OF NATIONALIZATION ACTIONS.

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REMAINDER OF INDIVIDUALS AND CORPORATIONS WHOSE COM-

PENSATION CLAIMS ARE APPROVED WILL RECEIVE COMPENSATION PAYMENTS IN ANNUAL INSTALLMENTS OVER TWENTY YEARS, WITH NO INTEREST, BEGINNING JANUARY 1, 1978. BELGIAN COMPANIES ARE ENCOURAGED TO ENTER INTO ARRANGEMENTS FOR COOPERATION WITH NATIONALIZED FORMER SUBSIDIARIES.

G. TRANSFER PAYMENTS: ALTHOUGH NOT MENTIONED IN THE AGREEMENT, PRESIDENT MOBUTU ASSURED PRIME MINISTER TINDEMANS THAT HE WOULD INSTRUCT CENTRAL BANK TO PERMIT TRANSFER OF SOCIAL SECURITY AND MEDICAL INSURANCE PAYMENTS TO BELGIUM WHICH WERD HALTED JULY 31, 1975. SUCH TRANSFER PAYMENTS WILL BE PERMITTED THREE MONTHS AFTER BECOMING DUE BUT RIGHTS OF INDIVIDUALS WILL BE GUARANTEED BY GOVT OF BELGIUM DURING PERIOD PENDING TRANSFER. TRANSFER PAYMENTS ARE PRIMARILY FOR BELGIAN AND OTHER FOREIGN EMPLOYEES OF BELGIAN NATIONALIZED INDUSTRIES AND ON AN ANNUAL BASIS TOTAL APPROXIMATELY 500 MILLION BELGIAN FRANCS (\$12 MILLION). BELGIUM REGARDS PERMISSION TO TRANSFER AS PARTICULARLY IMPORTANT AS SOME BELGIAN NATIONALS HAVE ALREADY DEPARTED ZAIRE BECAUSE OF LACK OF SOCIAL SECURITY AND MEDICAL INSURANCE COVERAGE. IF TRANSFER HAD NOT BEEN PERMITTED THERE WOULD LIKELY HAVE BEEN A MASS EXODUS OF BELGIANS WORKING FOR NATIONALIZED COMPANIES.

H. CABINDA: AS MENTIONED REF B, COMMUNIQUE EXPRESSED CONCERN OVER SITUATION IN ANGOLA AND CABINDA. REFERENCE TO CABINDA WAS WH INSISTENCE OF GOZ BUT GOVT OF BELGIUM DID NOT INTEND TO IMPLY THAT IT RECOGNIZED INDEPENDENCE FOR CABINDA.

3. COMMENT: BN BGINCE, BELGIANS APPEAR TO HAVE BEEN SUBSTANTIALLY MORE GENEROUS THAN FRENCH (SEE REF A). 700 MILLION BELGIAN FRANC LINE OF CREDIT IS FOR INDEFINITE PERIOD AND THREE-YEAR RESCHEDULING OF CONFIDENTIAL

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500 MILLION BELGIAN FRANC MEDIUM AND LONG-TERM DEBT IS SIGNIFICANTLY BETTER THAN APPROXIMATE ONE-YEAR RESCHEDULING GIVEN BY FRENCH. ALSO, GOB HAS EXPRESSED INTENTION OF CONTINUING SUBSTANTIAL ECONOMIC ASSISTANCE. BELGIANS DID RECEIVE PROMISE FOR COMPENSATION OF NATIONALIZED PROPERTY BUT AT NO INTEREST AND BULK OF PAYMENTS OVER TWENTY-YEAR PERIOD WHICH DOES NOT BEGIN UNTIL JUNAURY 1978. BY THAT TIME CURRENT FINANCIAL PROBLEMS WILL, HOPEFULLY, HAVE BEEN RESOLVED. PERMISSION TO RESUME TRANSFER OF SOCIAL SECURITY AND MEDICAL

INSURANCE PAYMENTS DOES NOT CONSTITUTE A NEW FOREIGN EXCHANGE DRAIN FOR ZAIRE AND WAS ESSENTIAL FOR ZAIRE TO RETAIN VITALLY NEEDED BELGIAN TECHNICIANS. FINALLY, PROSPECT OF NEW, THOUGH UNSPECIFIED, CREDIT BY DUCROIRE

WILL ACCORD CORRESPONDING BALANCE OF PAYMENTS RELIEF.
WALKER

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